STAND. COM. REP. NO. **3218**

Honolulu, Hawaii

APR 0 3 2014

RE: H.B. No. 2618

H.D. 2 S.D. 2

Honorable Donna Mercado Kim President of the Senate Twenty-Seventh State Legislature Regular Session of 2014 State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 2618, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY STORAGE,"

begs leave to report as follows:

The purpose and intent of this measure is to facilitate the use of renewable energy.

More specifically, this measure establishes an income tax credit, available as either an investment or utilization credit, for each grid-connected energy storage property that is installed and placed in service in the State during a taxable year beginning after December 31, 2014. The tax credit may be used as a nonrefundable credit for the full value of the credit, or as a refundable credit with a value of seventy per cent of the credit's total value. The tax credit shall not be available for taxable years beginning after December 31, 2025.

Your Committee received written comments in support of this measure from the Blue Planet Foundation, Bright Energy Storage Technologies, Hawaii Renewable Energy Alliance, Hawaiian Electric Company, Renewable Energy Action Coalition of Hawaii, Sempra US Gas and Power, Ulupono Initiative, and one individual. The Department of Business, Economic Development, and Tourism, Department of Taxation, Public Utilities Commission, Beacon Power, LLC, and the Tax Foundation of Hawaii submitted written comments on the measure.

HB2618 SD2 SSCR LRB 14-2339.doc

Your Committee finds that the existing renewable energy technologies income tax credit has been successful in fostering a sustainable local renewable energy industry that is responsible for creating jobs, catalyzing statewide energy savings, improving our environment, and reducing greenhouse gas emissions. Your Committee believes that a similar tax credit to encourage the use of grid-connected energy storage technologies and systems will help to maximize the use of indigenous renewable energy.

Your Committee has amended this measure by:

- (1) Changing the amounts of the tax credit to unspecified amounts;
- (2) Appropriating funds to the Department of Taxation for administration of the tax credit; and
- (3) Making technical nonsubstantive amendments for the purposes of consistency, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2618, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2618, H.D. 2, S.D. 2.

Respectfully submitted on behalf of the members of the Committee on Ways and Means,

Arrid Mkc
DAVID Y. IGE. Chair

The Senate Twenty-Seventh Legislature State of Hawaiʻi

Record of Votes Committee on Ways and Means WAM

Bill / Resolution No.:* HB 1618, HD 2, SD 1	Committee Referral: ENE,WAM		Date: 3 - 28 - 14		
The committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)					
KIDANI, Michelle N. (VC)		~			
CHUN OAKLAND, Suzanne					-
DELA CRUZ, Donovan M.		~			
ENGLISH, J. Kalani		~			
ESPERO, Will					
KAHELE, Gilbert					
KEITH-AGARAN, Gilbert S.C.					
KOUCHI, Ronald D.					
RUDERMAN, Russell E.					
THIELEN, Laura H.					
TOKUDA, Jill N.				-	
SLOM, Sam					
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Recommendation: Adopted Not Adopted					
Chair's or Designee's Signature: Mihille Sidani					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

*Only one measure per Record of Votes